

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY, CALIFORNIA
AND RECORD OF ACTION**

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June 3, 2003

FROM: **DAVID H. SLAUGHTER**, Director
Real Estate Services Department

ROBERTA YORK, Director
Preschool Services Department

SUBJECT: **LEASE AMENDMENT WITH UPLAND UNIFIED SCHOOL DISTRICT**

RECOMMENDATION: Approve Amendment No. 3 to Lease Agreement No. 00-802 with the Upland Unified School District (UUSD) to extend the term through July 31, 2004 for 3,840 square feet of office and classroom space and 6,900 square feet of playground in Upland for the Preschool Services Department (PSD) in the amount of \$55,296.

BACKGROUND INFORMATION: On December 16, 1997, the Director of Real Estate Services Department (RES D) approved a two-year lease agreement for 3,840 square feet of office and classroom space and 6,900 square feet of playground for PSD with the UUSD at 732 N. Third Avenue in Upland. The original term was from August 1, 1997 to July 31, 1999 and included two two-year options to extend the term. In the six years since the lease was originally approved, two amendments were approved, which are summarized below:

<u>Amend. No.</u>	<u>Approval date</u>	<u>Action</u>
1	March 30, 1999	<ul style="list-style-type: none">• Approved by Director of RESD• Extended the term one year to July 31, 2000• Approved by the Board• Changed the Lease Agreement No. from S98-014 to 00-802• Exercised the first of two two-year options to extend the term to July 31, 2002• Added the County Child Support Compliance Program provision to the lease
2	July 11, 2000	

PSD requested RESD exercise the remaining two-year option to extend the term. PSD is aware that this is the last available option to extend the term under this agreement and conducted both a strategic planning session and a community needs assessment. The results indicate a need to serve additional children in the Upland area. On May 8, 2002, the County Administrative Office approved a Capital Improvement Program request submitted by Human Services System for PSD. It requested 9,687 square feet of office and classroom space and a 9,000 square foot playground in a new location with a term, including options not to exceed 20 years. Per County Policy 08-02-01, RESD will use the Request for Proposals (RFP) process to ensure the competitive procurement of a leased facility. The lease is in holdover due to extended negotiations and the landlord's comprehensive evaluation of current market lease rates prior to approving the extension of the term. The terms of the lease are summarized as follows:

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LEASE AMENDMENT WITH UPLAND UNIFIED SCHOOL DISTRICT**

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Lessor: Upland Unified School District

Location: 732 N. Third Avenue, Upland

Size: 3,840 sq. ft. of office and classroom space and a 7,200 sq. ft. playground

Term: Two years commencing, and retroactive to, August 1, 2002

	<u>Cost per sq. ft. per month</u>	<u>Monthly</u>	<u>Annual</u>
Rent: (old)	\$0.46	\$1,764	\$21,168
(new)	\$0.60*	\$2,304	\$27,648
	*Mid-range for the Upland area		

Annual increases: None

Options: None remaining

Improvement costs: None

Custodial: To be provided by County

Maintenance: To be provided by Landlord

Utilities: County to pay 10% of all utility costs not including telephone service

Right to terminate: County has the right to terminate with 90-days notice

Parking: Sufficient for County needs

REVIEW BY OTHERS: This item has been reviewed by County Counsel (Rex Hinesley, Chief Deputy County Counsel) on April 2, 2003; HSS Administration (Darlene Bently-Hill, Interim Facility & Services Manager) on April 6, 2003; and the County Administrative Office (Daniel R. Kopp, Administrative Analyst) on May 26, 2003.

FINANCIAL IMPACT: The total cost of this two-year amendment is \$55,296. The total cost for fiscal year 2002-03 is \$27,108 (\$1,764 per month x one month and \$2,304 per month x 11 months). Payments will be made from the Rents budget (AAA RNT) and reimbursed from the PSD budget (RSC HPS). PSD's other costs associated with this lease include gas, electricity, water, sewer, interior maintenance, janitorial, and trash expenses. Sufficient appropriation is available in both budgets. Approval of this item will not result in local cost. Annual lease costs are as follows:

<u>Year</u>	<u>Annual lease cost</u>	<u>Estimate of other costs associated with this lease</u>
August 1, 2002 – July 31, 2003	\$27,648	\$8,294
August 1, 2003 – July 31, 2004	27,648	8,294

COST REDUCTION REVIEW: The County Administrative Office has reviewed this agenda item, concurs with the PSD's and RESD's proposal and recommends this action based on programmatic needs for space. These lease payments are made from non-general fund sources. Funding is available, ongoing in nature, and not in imminent jeopardy of being cut at the state or federal level. If funding is reduced or eliminated, this lease can be terminated with 90-days notice. Consolidation of this space with other existing space has been explored and no feasible opportunity exists at this time.

SUPERVISORIAL DISTRICTS: Second.

PRESENTER: David H. Slaughter, Director, 7-7813

DH 7-7841 mf 7-7825

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